

**Section 202 FY 2010
Economic and Market Analysis Division (EMAD)**

EMAD Division contact: Sarah Bland & Tom Aston
Telephone number: 206-220-5382; 971-222-2606
Email: sarah.bland@hud.gov and
tom.aston@hud.gov

EMAD looks at the need for the proposed number of units. There must be a need and a market for the number of units proposed in the area of the project location. It is important that the sponsor determine that there is need/demand for the additional Section 202 project(s) being proposed in a particular housing market area prior to submitting the application. If HUD determines that there is not sufficient sustainable demand for additional units without longer term adverse impact on existing federally assisted housing, the proposed project will be rejected.

EMAD will look at Section IV.B.1.c. Part III, (1) Exhibit 4 – The need for supportive housing for the target population of your submission along with EMAD’s independent determination that there is a need for the proposed number of units in your application to determine the points that your application will be awarded:

(1) EXHIBIT 4 - Need and Project Information:

(a) Evidence of need for supportive housing.

(i) Include a description of the category or categories of elderly persons the housing is intended to serve.

(ii) Submit evidence demonstrating sustained effective demand for supportive housing for the category or categories of elderly persons in the market area to be served, by conducting and providing the findings from a rental survey of the existing elderly subsidized projects in the proposed market area. You should talk to existing providers of affordable elderly housing (Section 202, project-based Section 8, Section 515 Rural Rental Housing, Section 236, Section 221(d)(3), Public Housing as well as state and local officials who administer affordable housing programs in the market area); you are encouraged to engage a third-party professional to assist them in undertaking this survey. The survey should include the following information:

- (A) Date of Survey
- (B) Name of Project
- (C) Location
- (D) Date Open for Occupancy
- (E) Subsidy Type
- (F) Total Number of Units
- (G) Total Number of Units Occupied
- (H) Total Number on Waiting List
- (I) Contact Person Name, Title & Phone Number of project

The following resources will help you identify properties within your area:

A listing of HUD-assisted apartments in your state can be queried at:

<http://www.hud.gov/apps/section8/index.cfm>.

A listing of United States Department of Agriculture (USDA) Rural Development multifamily rental properties can be queried at:

http://rdmfhrentals.sc.egov.usda.gov/RDMFHRentals/select_state.jsp

For public housing, applicant should visit

<http://www.hud.gov/offices/pih/pha/contacts/index.cfm>.

Rating Factor 2: Need/Extent of the Problem (10 out of the 12 Points are recommended by the Economic and Market Analysis Division) - EMAD's rating will be based on the sponsor's submitted Exhibit 4 and EMAD's own determination that there is an unmet need for the proposed number of units.

This factor addresses the extent to which there is a need for funding the proposed activities to address a documented problem in the target area. Submit information responding to this factor in accordance with Application Requirements in Exhibits 4(a) and 4(b) of Section IV.B. HUD will take into consideration the extent of the need for the project in the area based on a determination by the Multifamily Hub Office. In making this determination, HUD will consider your evidence of need in the area, as well as other economic, demographic, and housing market data available to the Multifamily Hub Office. The data should include but are not limited to: a general assessment of the current conditions in the market for the type of housing proposed, an estimate of the demand for additional housing of the type proposed in the applicable housing market area, information on the numbers and types of existing comparable Federally assisted housing units for the elderly (HUD and Rural Housing Service [RHS]) and current occupancy in such housing and recent market experience, comparable assisted housing for the elderly under construction or for which fund reservations have been issued, and in accordance with an agreement between HUD and RHS, comments from RHS on the demand for additional comparable subsidized housing and the possible harm to existing projects in the same housing market areas. For all Section 202 projects that are determined to have sufficient demand, HUD will rate your application based on the ratio of the number of units in the proposed project to the estimate of unmet need for housing assistance by the income eligible elderly households with selected housing conditions, expressed as a percent. Unmet need is defined as the Units in the proposed project divided by the number of very low-income elderly one-person renter households age 75 and older with housing conditions, as of the 2000 Census, minus the number of project-based subsidized rental housing units (HUD, RHS, Low Income Housing Tax Credits [LIHTC], or any state or local subsidized program) that are affordable to very low-income elderly provided in the area since 1999. **Note:** The analysis is conducted at the county level. Units to be occupied by resident managers are not counted.

In evaluating this factor HUD will consider the following:

(10 points) Ratio of Units to Unmet needs (expressed as a percent).

NOTE: Percentage calculations will round the decimal number to the nearest tenth (e.g. 5.56 percent will be rounded to 5.6 percent and 5.44 percent will be rounded to 5.4 percent).

- (1) **(10 points)** The project has an unmet needs ratio of greater than or equal to 0.0 percent and less than or equal to 0.25 percent;
- (2) **(9 points)** The project has an unmet needs ratio of greater than 0.25 percent and less than or equal to 0.5 percent;
- (3) **(8 points)** The project has an unmet needs ratio of greater than 0.5 percent and less than or equal to 1.0 percent;
- (4) **(7 points)** The project has an unmet needs ratio of greater than 1.0 percent and less than or equal to 1.5 percent;
- (5) **(6 points)** The project has an unmet needs ratio of greater than 1.5 percent and less than or equal to 2.5 percent;
- (6) **(5 points)** The project has an unmet needs ratio of greater than 2.5 percent and less than or equal to 5.0 percent;
- (7) **(4 points)** The project has an unmet needs ratio of greater than 5.0 percent and less than or equal to 7.5 percent;
- (8) **(3 points)** The project has an unmet needs ratio of greater than 7.5 and less than or equal to 10.0 percent;
- (9) **(2 points)** The project has an unmet needs ratio of greater than 10.0 and less than or equal to 12.5 percent;
- (10) **(1 point)** The project has an unmet needs ratio of greater than 12.5 and less than or equal to 15.0 percent; or
- (11) **(0 points)** The project has an unmet needs ratio of greater than 15.0 percent **OR** less than 0.0 percent.

2. HUD/RHS Agreement. HUD and the Rural Housing Service (RHS) have an agreement to coordinate the administration of the agencies' respective rental assistance programs. As a result, HUD is required to notify RHS of applications for housing assistance it receives. This notification gives RHS the opportunity to comment if it has concerns about the demand for additional assisted housing and possible harm to existing projects in the same housing market area. HUD will consider RHS' comments in its review and application selection process.